

Dept. of Administration
Brief Summary of Impacts of the Senate Budget
April 26, 2002
Dan Spencer, Director of Administrative Services 465-5655

Division of Finance

Total Reduction: 293,500 GF

The Senate eliminated 225,600 to add three new payroll system programmers and cut an additional \$67,900 needed to maintain the current staffing level.

The state's payroll system, AKPAY, is 12 years old and the software vendor has indicated that future maintenance releases will no longer support the existing underlying database management system. Before the next major maintenance update in FY2003/2004, the state must convert the AKPAY database from ADABAS to DB2. This is a very large project and is more than existing staff can handle. Without additional programmers, the probability of system failure is greatly increased.

The payroll system supports every activity of the State of Alaska. Its importance is reflected in two of the division's performance measures assigned by the legislature: system down time and amount of penalty pay. In the case of system failure, both of these measures will increase significantly.

Alaska Public Offices Commission Total Reduction: 204,300 GF

The Senate cut funding for APOC to implement the campaign disclosure law changes passed by the legislature as an override of the Governor's veto of SB103 (Election Campaigns and Legislative Ethics). It also eliminated funding for election year activities, which has been included in the budget in the past during statewide elections, and cover some additional costs for positions.

This jeopardizes the Commission's ability to disseminate information to the public in a timely manner during the campaign. Campaign finance information is required by law to be provided to the Commission before the election but will most likely not be available until after the election has occurred. Without funding for printing, training and support staff, the Commission will be unable to assist candidates and political groups to understand the changes to the campaign disclosure laws, which will likely result in costly complaints and substantial non-compliance.

**Public Defender Agency
GF/MH**

Total Reduction: 2,634,300 GF, GF/PR, &

The Public Defender is already shortfunded, needing approximately 600.0 in supplemental funding for FY02. The Senate budget means the Public Defender will need another supplemental appropriation next year.

Cases are assigned to the Public Defender Agency by the courts and the Public Defender cannot refuse the cases. When assigned a case, the agency must provide *effective* assistance of counsel. A legislative audit concluded that as of April 1998 the

Public Defender agency was 41 attorney positions short to handle its caseload. Caseloads have continued to grow since that time, without a corresponding increase in staff.

Office of Public Advocacy Total Reduction: 2,291,800 GF & GF/MH

This eliminates funding for the OPA to promptly compensate contract attorneys for their services in both civil and criminal representation of clients.

All OPA cases result from court appointments and OPA cannot refuse to take them. For 14 of the last 15 years, OPA has had to get supplemental funding to cover its costs. For FY02, OPA has a supplemental request for more than \$1.8 million before the legislature. There is no way OPA can hold to the Senate budget unless there is a huge, completely unforeseen caseload drop. In fact, OPA's caseload has been rising over the years. With this budget, OPA will need a supplemental again next session.

Pioneers' Homes Total Reduction: 637,400 GF & GF/MH

The Pioneers' Homes are currently operating with more than 90 beds empty because staffing is insufficient to provide the 24-hour care that the people on the Pioneers' Home waiting list need. The Pioneers' Homes will have to hold more staff positions vacant, meaning more beds will be held vacant. That will, in turn, result in less revenue (Pioneers' Home Receipts) which will exacerbate the GF cuts.

One of the Legislature's performance measures for the Pioneers' Homes is the average number of vacant beds by level of care and Pioneers' Home. The total effect of this cut will be to force another 10 to 16 beds vacant. Most of these will be in Anchorage because it is the only home large enough to allow the reduction of staff necessary to meet the budget reduction without having to close an entire unit.

Public Broadcasting - Radio Total Reduction: 69,900 GF

This cut will mean the loss of an additional \$130,000 in federal matching funds. As many as 8 more full-time jobs will be lost because of this cut. Stations are already at minimum staffing levels. Additional staff reductions could result in elimination of local programming including news and public affairs.

Public broadcasters have done more than their share to eliminate all but the essentials from their own budgets. After a decade and a half of state operating budget reductions, the public broadcasting system in Alaska is delicately balanced to the point where damage to any of its components risks the collapse of the rest.

Public radio is not an amenity for Alaskan communities because public broadcasting provides a unique and vital service as a major cohesive force bringing the state together with news, information and educational programming.

Department of Community and Economic Development
Brief Summary of Impacts of the Senate Budget
April 29, 2002

Power Cost Equalization

(\$12.8 million)

(\$2,034,000)

(\$3,093,400)

PCE Endowment

General Fund

General Fund FY 03 Increment

The Senate's operating budget did not include any language for transferring funding from the Power Cost Equalization Endowment Fund to the Power Cost Equalization and Rural Capitalization Fund. Without this transfer, there will be no funds available for PCE payments.

In addition to the transfer, general funds of \$2,034,000 are needed to maintain the program at the FY02 funding level of \$15.7 million. An additional \$3,093,400 is needed to fund the program at 100% of the statutory formula level. At the \$15.7 million level, the program would be pro rated to 85% for FY03, and PCE customers will pay an average rate of 21.85 cents/kilowatt hour (kWh) for electricity after applying the PCE credit. Even when PCE is fully funded, customers would pay an average rate of 18.67 cents/kWh, compared to the average rate of 9.9 cents/kWh paid by residents living in Anchorage, Fairbanks and Juneau.

Unallocated Reduction

(\$284,100)

General Fund

The Senate operating budget for DCED includes an unallocated reduction from the FY02 funding level. This reduction of \$284,100 is \$99,300 more than the general fund year three labor costs. The labor cost reductions will be allocated to DCED divisions where the labor cost general fund increments were incurred, while the additional \$99,300 will be allocated to the Rural Energy Circuit Rider Program, as follows:

- *Community and Business Development (\$96,800):*
This reduction would result in the elimination of the Deputy Director position and associated support funding. Historically, this position has been staffed by a person with a strong background in the Tourism industry. This change will reduce, by approximately 30%, the division's ability to provide direct assistance to localities interested in developing tourism opportunities.
- *Division of International Trade & Market Development (\$28,700):*
The unallocated reduction decreases the division's ability to promote the export of Alaska's goods and services through trade shows, trade missions, seminars and other "door-opening" activities.
- *Division of Administrative Services/Commissioner's Office (\$49,000):*
In order to maintain the existing level of service, this unallocated reduction will be spread among divisions in an unbudgeted cost allocation. This action will cause additional program impacts among DCED agencies already being reduced.
- *Occupational Licensing (\$10,300):*
This reduction would reduce the Division of Occupational Licensing's GF/PR authorization to zero, resulting in the elimination of funding and expenditure authority for

the only remaining GF/PR program, the Athletic Commission, which regulates boxers (AS 05.05; 05.10). Thus, there will not be funds to administer this program.

- *Rural Energy Circuit Rider Program (\$99,300):*

When determining where the additional unallocated general fund reduction would be taken, the department attempted to balance: (a) the year 3 General Fund labor costs reduction, (b) the Senate's intent language for no further reductions to QTA; and (c) the assumption that reductions were unacceptable in Revenue Sharing and Safe Communities. The only BRU that has General Funds and is unaffected by the above conditions is the Rural Energy Programs BRU (Energy Operations, \$289.7; Circuit Rider, \$200.0).

This reduction reverses the increased General Funds received in this component in FY 02. The Circuit Rider component provides limited emergency response, and offers preventative maintenance to rural electric systems and on-site training to operators, which reduce the chances of power outages and costly emergency repairs. The on-site training will be discontinued and emergency response will be only available from the limited funds of the electrical emergencies program. In the long run, this cut is not a cost-effective.

Alaska Economic Information System (AEIS)

(\$275,000)

General Fund FY 03 Increment

The Senate's budget denies the increment to fund the AEIS, which brings together a vast array of state, federal and private data about the state's economy, resources and communities. The AEIS is a state of the art digital information system that users can directly access and use for business and community planning. Denial of this increment will result in the department being unable to add additional information to the system or keep the system information up-to-date.

New China Trade Representation

(\$90,000)

General Fund FY 03 Increment

The Senate's budget denies the increment for new contract trade representation in China. China, with one of the world's fastest growing economies (GDP increase of 8-9% this year), is an opportunity for Alaska to grow and diversify from our traditional markets. Alaska's exports to China are currently only \$100 million annually.

Having representation in China will help Alaska firms realize this potential. The need is particularly acute for the forest products industry, whose companies have requested the division establish trade representation in China. China has sent a number of high level business and government delegations to Alaska during the past two years, all of whom say they look toward Alaska's natural resources to play an important role as that country continues to grow.

Assistant State Assessor

(\$75,000)

General Fund FY 03 Increment

The Senate's refusal to fund an Assistant State Assessor position means that the State Assessor will be unable to review all municipalities' valuation processes on a detailed basis. Now the assessor can select only several to do each year, resulting in some municipalities' valuations being inaccurate. Since the Full and True Value Determination is

used as a measure of a community's wealth for school funding purposes, inappropriate disparities will exist between communities.

Alaska Science and Technology Foundation

(\$2,315,000)

ASTF Endowment

The Senate proposes to include \$2,315,000 of ASTF Endowment funds in the FY03 University of Alaska budget.

Earnings from ASTF's \$101,204,000 endowment have historically averaged about 8% or \$8 million to cover ASTF matching grant program, operating budget, and legislative set asides of ASTF earnings. Since most ASTF funded projects match ASTF one-to-one, the amount of project funds lost can be roughly doubled, and every dollar in reduced earnings flowing from a reduced endowment will reduce funding to new projects and/or ongoing partner activities.

Since ASTF was established by the legislature in 1988 no funds have been appropriated from the principal of the endowment. More than the earnings shortfall, the ASTF Board is more concerned about the precedent of appropriating for unrelated purposes an endowment established for technology-based economic development.

Alaska Regional Development Organizations (ARDOR) program Reduction

(\$160,000)

Inter-Agency Receipts

The Senate's budget deleted \$160,000 from the Division of Community and Business Development's (CBD) FY03 budget from the ARDOR program. The ARDOR program provides grants to regional non-profit development organizations to address regional development issues and opportunities. This decrement amounts to 25% of the ARDOR program budget and is expected to result in less funding available to each ARDOR, including several rural ARDORs.

World Trade Center Grant

\$100,000

General Fund

The Senate's budget includes a project development grant of \$100,000 to the World Trade Center (WTC) for an unspecified purpose. The WTC is a private, non-profit membership organization that already receives an annual state grant of \$115,400 for WTC operations, which amounts to 43% of its budget. The project development grant is in addition to the WTC's annual grant, thereby adding to existing level of state support. The purpose of this new grant is unknown to the department, and without some clarification of purpose it will be impossible for the department to monitor or otherwise audit the use of these funds.

Department Of Corrections
Brief Summary of Impacts of the
Senate Budget
Date: April 29, 2002
Prepared by: Dwayne B. Peeples

Administration and Operations BRU

- **Institutions, Community Corrections and Administration \$3,537.5**

This reduction will force the department to hold at least 45 Correctional Officer and 5 Probation Officer positions vacant Statewide. There are already 45 correctional officer and 7 adult probation officer positions being held vacant to meet existing personal services under-funding. Holding 90 correctional officers vacant dramatically reduces the security of correctional operations in institutions and increases the risk to employee and public safety. The average daily inmate population will increase by approximately 200 during FY2003. Higher levels of overtime throughout the system will be necessary to maintain requisite security coverage, therefore contributing to higher stress levels and declining morale at overcrowded correctional facilities and probation offices. Holding 12 adult probation officers vacant increases the safety risk to the general public by increasing caseload sizes beyond a probation officer's ability to competently cover parole/probation services. Other reductions in the Administration and Operations BRU will impact administrative operations and contract services that support over 1.5 million man-days of prisoner services that are provided by the department annually. Cutting accounting staff will reduce the ability of the Agency to meet the 30-day vendor payment statutory requirement and result in late payment assessments by state vendors. Late payment assessments will further reduce funding available to provide adequate staffing and cover fire, life and safety issues.

- **Inmate Health Care \$1,910.8**

The Department is required to provide medical, dental, and mental health services as necessary to ensure the continued health of the prisoners. During the last few years, additional financial resources, via supplemental and revised programs, have been required to provide necessary and critical services. The proposed budget reductions will significantly impact the operations of health care services and will result in an elimination of nursing staff and other important health care services, which may, in all probability, threaten prisoner health and safety. To maintain minimal medical services to the inmates, the Department anticipates a \$1,500.0 shortfall for FY03.

- **Community Jails \$530.0**

Community Jail funding for the 15 local sites has not been sufficient to cover the basic infrastructure costs of keeping these sites operational. Local jails are to provide for the custody, care, and discipline of state prisoners pending arraignment, commitment by a court, for admission to a State correctional facility. Use of the local jail facilities includes pre-arraignment, post-arraignment, and holding of sentenced prisoners up to 30 days. Inmates are often from the local community and present minimal security risks. Due to the legal process in the local Superior Court and the difficulty of prisoner transport in Alaska, it is not practical, nor is it desirable, to immediately transport these State prisoners to a State correctional facility.

- **Out of State Contracts BRU \$716.1**

The department anticipated holding a minimum of 585 offenders at the Central Arizona Detention Center for FY03. This budget reduction will reduce the number of offenders that can be held there by 30, or reduce the planned placements to 555. The department will need to hold these prisoners in state facilities at an increased cost and regardless of overcrowding that exists already. This action will contribute to dangerous over-population at all existing state correctional centers. The Agency anticipates a 4% to 5% growth rate in the offender population annually resulting in 150-200 more offenders coming into the correctional system every year. Due to the lack of available in-state institutional beds, the placement of prisoners in out of state contract facilities is necessary to meet state service demands.

- **Annualized Costs of new Liquor Legislation & Therapeutic Courts \$622.4**

Last year Chapter 60 SLA 2001 Page 39 Line 6-8 appropriated funds for the first fiscal year of HB132 passed by the Legislature. The department submitted an increment request for \$405.6 general funds and \$28.0 of receipt services for the second fiscal year costs of the new liquor legislation. The funds were to cover the incarceration costs of new felons convicted of violating the provisions of the legislation. Funding was to be distributed from the Institution Director's Office to individual institutions as necessary to cover the impact of the legislation. Without the second year of funds, Institutions will be required to absorb the impact of the legislation. To cover the loss of these funds, approximately 7 additional correctional officers will be held vacant statewide beyond their current forced vacancy level. In addition, last year Chapter 60 SLA 2001 appropriated funds for the first fiscal year of HB172 passed by the Legislature. The department submitted an increment request for \$107.0 general funds for the second year costs of the new Therapeutic Courts legislation. The funds were to cover the costs of one new probation officer in Anchorage, contractual services' costs to cover

communication costs for the new probation officers in Bethel and Anchorage, and for leased office support equipment for the new probation officers.

- **Other Services \$122.5**

Short-fund Alaska Parole Board - These funds are needed to accommodate increased prisoner hearings and Parole Board activity relating to mandatory, discretionary and special medical parole releases and revocations. A considerable increase in numbers of hearings and parole activity has matched the growth in prison population that has occurred in the past five years, and expenditures incurred in meeting the Board's statutory obligations have increased as a result. These funds are needed to cover Parole Board member/staff travel and Board members compensated time associated with the conduct of parole activity statewide.

Reduce Operational Funding for Alternative Housing (i.e., tents) - The department began using alternative housing several years ago to augment several state institutions holding capability during the spring/summer periods due to serious over-crowding. These tents provided an alternative placement for low-risk prisoners on institutional grounds and thus freed up more secure institutional beds for violent offenders. This saves transportation costs of moving prisoners between institutions to keep each institution below its prescribed emergency population.

Department of Education and Early Development
Brief Summary of Impacts of the
Senate Budget
Date: April 29, 2002

While the Senate budget provides an increase of \$4,138,000 for Learning Opportunity Grants in FY2003, the combination of cuts and fund source changes reduces \$6,134,700 from the Governor's Amended FY2003 Budget Request. \$1.7 million of this reduction comes from FY2002 (current year) funding in the following areas: \$930,000 in personal services and travel cuts; \$350,000 in Child Care; \$100,000 for the Statewide Library Electronic Doorway (SLED); \$130,000 for Kotzebue Technical Center; and \$200,000 for Community Schools.

Learning Opportunity Grants

Although the Department supports the addition of funds for school districts, the Senate budget addition to Learning Opportunity Grants (LOGS) does not use the adjusted average daily membership formula which is in statute for both the foundation formula and quality schools grants. As a result, the additional funds do not take into account the higher costs and lack of economies of scale for smaller districts. Also, since LOGS are not a permanent part of the statutory education aid, school districts cannot count on receiving them from year to year.

The critical areas of concern with the Senate's FY2003 budget for the Department of Education & Early Development are the statewide student assessment system, accountability, and human resources.

Assessment

In the area of the statewide student assessment system, \$340,600 is needed to fully fund the \$770,000 increase for the contract with CTB-McGraw Hill for the high school graduation qualifying exam. The Senate's budget funds only \$429,400 of the \$770,000 request. The contract amount has already been negotiated down from the original amount and can not be reduced further.

With the refining and refocusing of the exam to measure essential skills, the current year contract came in almost \$500,000 higher than the funding we have available which is pending before the legislature in the supplemental bill. Next year's estimated contract costs and book marking process to establish new proficiency levels will require \$770,000. Supplemental funding is critical to this effort along with the additional funding in FY2003 in order for these assessments to be in place and ready for the class of 2004 in order for those students to receive a high school diploma.

Accountability

The legislature and the public are asking for the department, school districts, schools and students to be accountable. The law requires that we report data and designate schools based on that data. The Education Funding Task Force recommended that department be given adequate resources to do this work. The department needs

\$730,000 in general funds for staffing and contractual resources to be able to collect, analyze, validate, and report meaningful, consistent data.

A consolidated data collection system and the personnel to use it effectively are critical to the school accountability system. We have access to a tremendous volume of data on students, teachers, and schools but without the resources to capture, store, analyze, and report the information, local and state policy makers will not be able to utilize this data in their decision-making. The ability to utilize meaningful data will significantly improve our educational system.

Human Resources

The Senate budget reduces personal services and travel by \$710,600 and does not fund the year 3 labor costs of \$219,400 – This is a significant reduction in a very small agency. 94% of the department's budget goes out in the form of grants. Less than 3% of the budget is in personal services. We are expecting this general fund reduction to result in a loss of approximately 16 positions in the those programs with the greatest number of general fund staff including the Alaska Vocational Technical Center, School Finance, the State Library, and our internal administrative services functions. This will impact our ability to provide quality vocational training programs for Alaskan workers and industry, our ability to access E-rate subsidies for our school districts, implement the Gates foundation grant projected to be received later this summer, and provide timely vendor and grant payments and administrative support. This, at a time when there is increasing demand for accountability and service delivery. The department needs the human resources to make it happen.

**Department of Environmental Conservation
Brief Summary of Impacts of the
Senate Budget**

**Date: April 26, 2002
Prepared by: Kurt Fredriksson**

The Senate budget reduces the Department of Environmental Conservation's general fund budget by \$2,651,200 from the Governor's amended budget request.

Program:	Dollar Amount(s):	Fund Source(s):
Oil Safety and Development Initiative		
Water Quality	(\$ 907,000)	General Funds
	(\$ 36,800)	General Fund/ Program Receipts
Industrial Preparedness	(\$ 451,200)	General Funds
Prevention and Emergency Response	(\$ 244,000)	General Funds
Statewide Public Services	(\$ 125,000)	General Funds
Air Quality	(\$ 302,700)	General Funds
	(\$ 553,400)	Clean Air Protection Fund

Impact Title:

Failed to fund oil safety and development initiative to promote responsible development of Alaska's oil and gas resources.

Impact Analysis:

Protection of air and water quality, spill response, and contingency planning and a full time presence on the North Slope were not funded. Failure to fund this initiative continues to mean that the State is not adequately funded to oversee current oil development, much less anticipated growth or the opening of ANWR.

The Senate did not fund pre-application, pro-active assistance to facilitate future permits and plan approvals. It did not fund staff to handle the significantly increased drilling and leasing activity, and as a result, water quality discharge permits and contingency plan reviews will take longer. It did not fund an increase in the number of drills of response plans; increased field responses to releases; ambient environmental condition water quality monitoring to show the effectiveness of permits and to expedite the issuance of new permits and permit renewals; or an increase in the number of water discharge inspections.

Program:	Dollar Amount(s):	Fund Source(s):
Children's Environmental Health Initiative Environmental Health Director	(\$ 175,000)	General Fund

Impact Title:

Failed to fund children's environmental health initiative to address the fact that nearly one in twenty children has a developmental disability resulting from environmental exposures.

Impact Analysis:

The Senate did not fund the children's environmental health initiative. Children's environmental health is better addressed through education and outreach, than by attempting to regulate every aspect of our lives. For example, we can't (and don't want to) regulate indoor air or mercury-based thermometers, but we can inform people about risks and ways to protect themselves. Parents and schools want to protect their children – we can give them the tools to do so. Regulations and restrictions aren't the answer; education is. The Senate failed to provide any funding for this educational effort.

What are some examples of environmental health concerns?

Burning of waste such as burn barrels.

Pollen, dusts and mold spores.

Vehicle emissions, such as school buses and delivery trucks idling.

Unsanitary debris, dumpsters, or building exhausts near outdoor air intakes.

Equipment and structural sources, such as mold growth in drip pans, duct-work, coils, and humidifiers, improper venting of combustion products, dust or debris in duct-work, emissions from shops, labs, cleaning processes, dry traps that allow the passage of sewer gas, and damaged asbestos.

Furnishings, such as emissions from new plastic or composite wood furniture, and floorings and water-damaged materials.

Mercury in thermometers, fluorescent lights, maze toys, and art supplies can cause impaired brain development.

Pesticides are linked to reproductive and developmental disorders.

Contaminated sites on school grounds frequently expose children to benzene, which is associated with cancer, and PCB's which are correlated with impaired intellectual and hormonal development.

Unsafe drinking water is a potential pathway for contaminants and communicable diseases.

Exposure to sewage – especially in rural villages with sewage lagoons – can be a source for communicable diseases.

Improper food handling and sanitation exposes children to salmonella, E. coli, botulism, and other food-borne diseases.

Department of Fish and Game
Brief Summary of Impacts of the Senate Budget
Date: April 26, 2002
Prepared by: Frank Rue

The Senate budget reduces the Department of Fish and Game's general fund request by \$2,242,500 from the Governor's amended budget request.

Program:	Dollar Amount(s):	Fund Source(s):
Agency-wide Unallocated Reduction	(\$1,485,700)	General Fund

Impact Title: Eliminate all state funding for Bering Sea/Aleutian Islands Shellfish Management Program and Genetics Program.

The Senate Finance Committee changed the specific reductions made by the Fish and Game subcommittee to an agency-wide unallocated reduction, but the result remains the same.

Bering Sea/Aleutian Islands Shellfish Management Program (\$741.0)

Impact Analysis: This cut by the Senate Finance Committee will eliminate all general funds for crab management in the region and will likely result in the loss of federal funds as well. The loss of research and observer personnel would eliminate sources of information required for in-season and inter-annual management (e.g., harvest quota management, quota setting, by-catch monitoring, effort monitoring). Loss of general fund research and observer staff would also violate current contractual agreements with the federal granting agencies and would not allow the department to conduct observer programs mandated by the Alaska Board of Fisheries.

The general fund allocation for the Bering Sea/Aleutian Islands (BS/AI) crab program of about \$741.0 supports a core staff of Area Management Biologists, Assistant Area Biologists, Program Technicians, a Crab Fishery Observer Coordinator plus a core research staff and various seasonal biologist/technician positions utilized to sample catches, analyze data, and support deployment, briefing, and debriefing observers. The program is conducted primarily from the department's office in Dutch Harbor, with assistance from staff located in Kodiak.

The program manages crab fisheries in the BS/AI worth several hundred million dollars, under delegation from the federal National Marine Fisheries Service (NMFS) and the North Pacific Fishery Management Council (NPFMC) and under direction of the Alaska Board of Fisheries. The program is integral to federally funded research on BS/AI crab stocks (comprising approximately \$2 million in federal grants to the state) and to the state's crab observer program that is supported by test fish funds (currently authorized at approximately \$680.0 per year).

These crab fisheries constitute a large portion of the entire State of Alaska production of seafood. Even though much of the harvest occurs in federal rather than state waters, Alaska has managed these fisheries since statehood and has, since implementation of the Fishery Conservation and Management Act in 1976, worked in concert with federal authorities to maintain management control. While the program is heavily supported by federal research grants, a core management program funded directly by the state's

general fund has been essential to prudent administration of these federal funds as well as to maintenance of the state's position in the management and research of these tremendously important fisheries.

Commercial Fisheries Genetics Program (\$744.7)

Impact Analysis: The Senate Finance Committee cut all \$744.7 of general funds in the Genetics Program. These general funds support a core staff of a Fisheries Scientist, a Biometrician, and three Geneticists. The program conducts research primarily using external, non-GF funds (currently about \$815.0).

The heart of the program is the genetics laboratory. The laboratory has state of the art equipment valued at approximately \$1.1 million. Elimination of general funds would effectively eliminate the genetics program and severely compromise our ability to attract non-GF funding sources. The division would lose its ability to conduct genetic stock identification (GSI) research and evaluation. The applications are extensive and are routine in our programs to support fisheries management. These include:

- Genetics baseline and stock composition for use in Pacific Salmon Treaty fisheries;
- By-catch composition in Gulf of Alaska and Bering Sea trawl fisheries;
- High seas fisheries stock identification;
- Yukon River, Bristol Bay, Cook Inlet, and South Alaska Peninsula fisheries stock composition; and
- Genetic diversity inventories for exploited fish populations used to address a wide variety of conservation issues including addressing petitions for listing under the Endangered Species Act.

Program:	Dollar Amount(s):	Fund Source(s):
Wildlife Conservation	(\$223,700)	General Fund

Impact Title: Eliminate state match for Wildlife Conservation Non-Game Programs.

Impact Analysis: The Division of Wildlife Conservation receives approximately \$260.0 in general funds annually. This funding satisfies a 3:1 match requirement for wildlife conservation restoration funds (WCRP) and the proposed Senate Finance Committee cut of \$223.7 will result in the loss of \$671.1 in federal funds. Specific non-game and watchable wildlife programs that will be affected by the cut include:

- Goshawk and Endangered Species Research
- Brown Bear Viewing
- Mendenhall Wetlands State Refuge
- Wolverine Creek and Pack Creek Management
- Round Island and Walrus Island Sanctuaries
- Anchorage and Northwest Alaska Raptors

Office of the Governor
Brief Summary of Impacts of the Senate Budget
Date: April 26, 2002
Prepared by: Michael Nizich

The Senate budget reduces the Office of the Governor's general fund request by \$1,605,600 from the Governor's amended budget request.

Program:	Dollar Amount(s):	Fund Source(s):
Unallocated reduction	(567,000)	General Fund

Impact Title: Shortfund personal services in departmental base budgets

Impact Analysis:

The Senate's unallocated cut of \$567,000 will reduce departmental employees by an estimated 9 full-time positions. This reduction will significantly reduce the resources available to a new governor in establishing the new administration and operations of the Governor's Office.

Program:	Dollar Amount(s):	Fund Source(s):
Unallocated reduction	(24,200)	Gen Fund Match
	<u>(243,400)</u>	General Fund
	(267,600)	Total

Impact Title: Lack of Funding for Year 3 Labor Costs

Impact Analysis:

Not funding the Year 3 Labor Costs will force vacant at least 3 departmental positions, and further impede the new administration.

Program:	Dollar Amount(s):	Fund Source(s):
Human Rights Commission	(148,900)	General Fund

Impact Title: Delete increment for additional positions and resources to address increased service demands

Impact Analysis:

Denial of the requested increment will have an adverse effect on the businesses and individuals the Commission assists. More and more businesses have asked the Commission for technical assistance and training to help prevent discrimination. Without the ability to meet the ever-increasing demand, the Commission will be forced to turn away most of these requests because of limited staff resources. Complaint filings

are again on the rise. Denial of the increment will require Alaskans who file complaints and the businesses charged with discrimination to wait longer for complaint resolution.

Program:	Dollar	Fund
Tribal Affairs	Amount(s):	Source(s):
	(390,000)	General Fund

Impact Title: Eliminate increment to establish the Office of Tribal-State Affairs.

Impact Analysis:

Denial of the requested increment will impede Executive Branch efforts to improve government-to-government relationships between the federally-recognized tribes and the state, and continue implementation of the Millennium Agreement.

Program:	Dollar	Fund
Governmental Coordination	Amount(s):	Source(s):
	(79,400)	General Fund

Impact Title: Deny additional Oil & Gas Consistency Review Position

Impact Analysis:

The increment would allow DGC to continue to provide an increased level of customer service in the area of oil and gas permitting. Without this increment, DGC will have to eliminate this position, lengthening the overall review time needed for state permits on oil and gas projects.

Program:	Dollar	Fund
Governmental Coordination	Amount(s):	Source(s):
	(350,000)	Federal Rcpts

Impact Title: Delete increment for increased federal funding of Alaska Coastal Management Program

Impact Analysis:

The federal FY2002 appropriations bill authorizes an additional \$350,000 for Alaska's participation in the coastal nonpoint source control program. Denying the increased authorization will delay the ability of local governments to access these funds for FY2003 projects.

Department of Health and Social Services
Brief Summary of Impacts of the Senate Budget
April 26, 2002

General Comments:

- All administrative units have a 3% cut to general fund with no allowance for FY03 labor cost increases.
- Differently from the House budget the Senate did not take any unallocated reductions.
- Many initiatives and increments proposed by the Governor are not funded including Smart Start.

The following represent the most critical areas.

Alcohol Program: (\$3.4) Million cut to the base

- Direct impacts result in approximately 1,100 fewer persons receive treatment and increases in waitlist for admission to treatment;
- Program impacts over the two-year period of restructuring due to loss of MOE mean a total reduction of 74 residential beds curtailing access; curtailing access to residential treatment for 600 adults annually.

Alcohol Safety Action Program: (\$500,000) GF cut to the base

- While the Senate replaced \$500,000 general fund cut with Receipt Supported Services it is unlikely that fees can be tripled to make up the cut in one year. A likely result is the elimination of the Juvenile ASAP program; and closure of five of eight grantee offices in Dillingham, Ketchikan, Kodiak, Mat-Su and Seward.

Rural Services: (\$289,100) cut to base

- Reduce by 19 the number of communities currently with Suicide Prevention grants.

Chronic and Acute Medical Assistance (CAMA): (\$2.0) million cut to base

- Reduce by half the limited coverage of health services to approximately 600 poor Alaskans with terminal illnesses or one of four chronic illness: Diabetes, seizure disorder, chronic mental illness, or hypertension. These recipients are unable to obtain any other assistance – private or public, no insurance.

Public Assistance Field Services: (\$457,200) base reduction to casework management

- Eliminates 17 existing positions that collectively manage an average of 4,600 public assistance program cases in Anchorage, Juneau, Fairbanks, Mat-Su, Kenai and Bethel. General fund reduction results in an additional loss of \$457,200 in federal participation.

Infant Learning Program: (\$1,000,000) reduction

- The Senate budget changes the program to needs-based. It is unknown at this time whether a needs-based program for ILP will work. More work and research will need to be done.

Tobacco: (\$1.1) million reduction which appropriates 15% not 20% from the Fund

- Last year legislation passed to deposit 20% of Tobacco Settlement into Tobacco Use Education and Cessation Fund. Denial of this increment results in only a 15% appropriation from the new Tobacco Education and Cessation fund. The rest is used for non-tobacco related purposes.

General Community Mental Health Services: 3% or (\$1.0) million reduction to grants

- Elimination of general mental health services statewide for services to over 9,720 emotionally disturbed adults and youth who do not reach the level of impairment to be classified as severely mentally ill or severely emotionally disturbed.

Family Preservation: (\$671,200) reduction to the base

- Includes (\$671,200) reduction to current base budget to Family Preservation grants designed to help children and families at risk or in-crisis.

Formula Programs: (\$7.23) million reduction

- Increments for Formula programs were reduced to the following:
 - Adult Public Assistance (APA): \$781,600 a 70% reduction in the amount needed to fully fund the program (Request was \$2.5 million).
 - Foster Care Special Needs: \$150,000 a 70% reduction in the amount needed to fully fund the program (Request was \$500,000).
 - Subsidized Adoptions & Guardianship: \$1,045,800 a 66% reduction in the amount needed to fully fund the program (Request was \$3.0 million).
 - Medicaid: \$23.1 million a reduction of 38% in the amount needed to fully fund the program (Request was \$37.2 million).

**Department of Labor and Workforce Development
Brief Summary of Impacts of the Senate Budget**

Date: April 26, 2002

Prepared by: Remond Henderson, Administrative Services Director

The Senate budget reduces the Department of Labor and Workforce Development's general fund budget request by \$864,500 from the Governor's FY 03 amended budget.

Program:	Dollar Amount(s):	Fund Source(s):
Mechanical Inspection	(\$6,100)	General Fund
	(\$225,000)	General Fund Program Receipts

Impact Title: Deny funding to reduce serious backlog of boiler safety inspections.

Impact Analysis: The Senate Finance decision to eliminate funding for two new boiler/pressure vessel inspectors and one clerk in the Mechanical Inspection program means that the current inspection backlog of over 6,000 boilers and pressure vessels overdue for safety inspection will not decrease in the foreseeable future. The two new boiler inspectors would generate additional inspection fee receipts of approximately \$225,000.

Program:	Dollar Amount(s):	Fund Source(s):
Mechanical Inspection	(\$22,800)	General Fund
	(\$67,500)	General Fund Program Receipts

Impact Title: Eliminate One New Elevator Inspector Position

Impact Analysis: Eliminating the funding for one new elevator inspector position in the Mechanical Inspection program means a backlog of over 300 devices overdue for inspection can not be addressed. The new inspector would generate additional inspection fee receipts of approximately \$67,500.

Program:	Dollar Amount(s):	Fund Source(s):
Mechanical Inspection	(\$92,000)	General Fund

Impact Title: Eliminate One New Electrical Inspector Position

Impact Analysis:

The Senate Finance decision to eliminate funding for one new electrical inspector position in the Mechanical Inspection program means that the northern region will continue to be without a dedicated electrical inspector. Currently the division has two inspectors to cover the entire state. Given the size of the state, and the climate difficulties, this can lead to issues with availability of inspectors and with timely inspections of new buildings. Communities with sufficient workload to support municipal inspection programs (Anchorage, Fairbanks, Juneau [residential only]) are doing so already. The addition of one inspector will enhance compliance with Certificate of Fitness (CF) requirements. Major projects such as missile defense will also generate additional CF fees.

Program:	Dollar	Fund
Wage and Hour Administration	Amount(s):	Source(s):
	(\$102,000)	General Fund

Impact Title: Eliminate two wage and hour technicians

Impact Analysis:

The Senate Finance recommendation not to fund two new wage and hour technician positions will result in a lesser amount of protection for Alaska's workers, and put law-abiding contractors at a competitive disadvantage. Without the technician positions, some audits will still be performed by wage and hour investigators, but only if complaints are received. As a result, fewer prevailing wage violations will be found and prosecuted, fewer workers will have unpaid wages returned to them, and the amount of time it takes to close a case will increase. Potentially, up to \$200,000 per year in wages lost through payroll errors will not be returned to Alaskan workers.

Program:	Dollar	Fund
Occupational Safety and Health	Amount(s):	Source(s):
	(\$222,700)	General Fund

Impact Title: Eliminate Funding for Oil Safety and Development Initiative

Impact Analysis: The Senate Finance action deletes one new industrial hygienist position in Anchorage, and one new electrical inspector in Anchorage. These positions will ensure that facilities erected or used during gas and oil production or development comply with the National Electrical Code and Uniform Plumbing Code. Employees should have a safe and healthy work environment with protection against hazardous materials and exposures.

Department of Law
Impact Statements in Response to the
Senate Budget
Date: April 27, 2002
Prepared by: Kathryn Daughhetee

The Senate budget reduces the Department of Law's general fund request by \$2,506,100 from the Governor's amended budget request. \$1,604,200 represents a reduction from our budget in FY 02. The most critical pieces of the \$2,506,100 general fund reduction are summarized as follows:

1. \$680,000 in denied and unavoidable salary cost increases. This amount represents the combination of the FY 03 negotiated salary increases for state employees, and reclassification costs to provide better pay equity and reduce the high turnover in agency's law office assistant positions.
2. \$531,700 in denied funds related to the fiscal impacts of new crime laws for victim restitution, drunk driving, and therapeutic courts.
3. \$983,200 in cuts directed to the three primary units in the Department: Criminal Division, Civil Division, and Oil & Gas Litigation.

The above cuts, plus additional targeted cuts, are discussed below. A large portion of the department's funding is provided through interagency agreements with our client agencies. We do not yet know how cuts to those agency's budgets will impact Department of Law.

Program:	Dollar Amount(s):	Fund Source(s):
Office of the Attorney General	(\$506,300)	General Fund

Impact Title and Analysis: Unallocated reduction in an amount equal to FY 03 labor cost increase plus an additional \$40.7 "The mission of the Department of Law is to provide legal services to state government and to prosecute crime." The combined specific and unallocated budget reductions described hereafter pose serious questions regarding how effectively our mission can be accomplished.

Program:	Dollar Amount(s):	Fund Source(s):
Criminal Division		
Third and Fourth Judicial Districts	(\$250,000)	General Fund

Impact Title and Analysis: *Reduce prosecution attorneys and support staff.* The only way to reduce the cost of prosecution is to reduce staff. At least three attorney positions in Anchorage and Fairbanks could be eliminated. This reduction will be made increasingly difficult as a result of the City of Fairbanks' recent repeal of all of its domestic violence ordinances, which shifts the burden and cost of prosecution and incarceration from the city to the state.

Program:	Dollar Amount(s):	Fund Source(s):
Civil Division		
Human Services	(\$148,900)	Inter-Agency Receipts

Impact Title and Analysis: *Discontinue the "Balloon Project" which moves children from state custody to permanent homes.* Without the funds that HSS would have transferred to Law for one of two child protection attorneys, there will be a resurgence of the backlog of Alaskan children in foster care or other temporary home situations awaiting permanent placement. With the elimination of one attorney position, legal timelines establishing how quickly these cases need to move to conclusion, will in all likelihood, not be met.

Program:	Dollar Amount(s):	Fund Source(s):
Civil Division Unallocated	(\$250,000)	General Fund

Impact Title and Analysis: *Reduce Civil Division services.* This reduction represents the loss of attorneys and/or paraprofessional and support staff positions. Whenever possible, as a matter of priority, we try to protect from cuts those legal services needed to ensure the safety and health of Alaskan citizens. It is therefore likely that some legal services provided on behalf of the Departments of Natural Resources and Fish and Game will have to be eliminated.

Program:	Dollar Amount(s):	Fund Source(s):
Civil Division & Criminal Division Law Office Assistant Reclassification	(\$214,400)	General Fund

Impact Title and Analysis: *Reduce Law Office Assistant positions.* The Senate did not include general funds for the cost of the reclassification of legal secretaries to law office assistants. The study was begun in the wake of a grievance filed by the union and because of retention and recruitment problems. Without the funds to pay for the increased salary costs, some positions will have to be eliminated.

Program:	Dollar Amount(s):	Fund Source(s):
Civil Division Collections and Support	(\$106,500)	General Fund

Impact Title and Analysis: *Deny full fiscal note funding for victim restitution legislation (Ch 60, SLA 01).* As many as 5,000 victim restitution court orders may be sent to the Civil Division for collection as a result of passage of this new legislation. Because the full amount of requested funding for this process was denied, the victim restitution effort may fall far short of its goal of successfully tracking down convicted criminals and delinquents and making payment to victims who are due restitution.

Program:	Dollar Amount(s):	Fund Source(s):
Criminal Division Fourth Judicial District	(\$100,000 - 200,000)	General Fund

Impact Title: *Move District Attorney office out of the old Fairbanks Courthouse.* The Department of Transportation and Public Facilities states that as a consequence of budget reductions to that agency, it plans to close the old Fairbanks Courthouse on July 1, 2002. Twenty-five attorneys and support staff are located in that building. Law does not have all the funds needed for a new office and will need to further reduce staff in that office or elsewhere, or request supplemental funding in FY 2003.

Program:	Dollar Amount(s):	Fund Source(s):
Criminal Division Third & Fourth Judicial Districts	(\$104,200)	General Fund

Civil Division
Human Services

(\$148,300) General Fund

Impact Title and Analysis: *Deny full year funding for new therapeutic court legislation.* Therapeutic courts for felony drug and alcohol offenders are very resource intensive in terms of the treatment programs, close monitoring of defendants, and the frequency of hearings. Only a portion of the funding for three Criminal Division positions was received. One attorney for Human Services to handle additional cases anticipated as a result of adding the new superior court judge was not funded at all. Lack of funds to address prosecutions could jeopardize the program's success.

Program:	Dollar Amount(s):	Fund Source(s):
Criminal Division Third Judicial District	(\$168,400)	General Fund

Impact Title and Analysis: *Deny full year funding for new drunk driving legislation.* Failure to adequately fund new staff required by the passage of this new drunk driving legislation will mean the level of prosecution will not meet the public's expectation.

Program:	Dollar Amount(s):	Fund Source(s):
Oil & Gas Litigation and Legal Services Oil & Gas Litigation	(\$442,500)	General Fund

Impact Title: Reduce Oil & Gas Litigation

Impact Analysis:

These funds pay for the cost of litigating the state's oil and gas pipeline-related, tax, and royalty cases. This reduction will result in less money contracted to outside counsel and experts. Further reductions to this appropriation might result in the need for a supplemental request for additional general funds in FY 03 and beyond.

Department of Military & Veterans' Affairs
Brief Summary of Impacts of the Senate Budget
Date: April 29, 2002
Prepared by: Major General Phillip Oates

Program:	Dollar Amount(s):	Fund Source(s):
Alaska Military Youth Academy (AMYA)	(\$654,700)	General Fund
Receipts	\$654,700	Inter-Agency

Impact Title: Switch partial funding for Alaska Military Youth Academy from general funds to Inter-Agency (IA) receipts.

Impact Analysis:

The intent to change the funding source to IA receipts is based on passage of HB312, a bill that proposes to fund the Alaska Military Youth Academy based on a per-student count formula. IA receipts would come from the Department of Education. The House already passed this legislation and the bill is awaiting Senate action, however it does not appear to have enough support to move in the Senate.

Failure to pass HB312 for FY03, in combination with not restoring this funding switch may result in the loss of the full base ChalleNGe grant from the federal government and result in total closure of the program.

Program:	Dollar Amount(s):	Fund Source(s):
Alaska Military Youth Academy (AMYA)	(\$240,000)	General Fund

Impact Title: Deny funding for Alaska Military Youth Academy Graduate Stipends.

Impact Analysis:

Stipends are paid to those students who graduate from the residential phase of the program. The post-residential program lasts a year and is intended for the graduate to work with a mentor on educational and career goals. The stipend is an incentive for the graduate to check in with the mentor on a regular basis and report on the progress made. This allows the AMYA program to measure the success of the student and the program. The mentor role in combination with payment of the stipend is very important in the 12 months following the residential program as without it the student's success rate drops significantly.

Natural Resources
Brief Summary of Impacts of the Senate Budget
Date: April 29, 2002
Prepared by: Pat Pourchot

The Senate's budget reduces the Department of Natural Resources general fund request by \$5,611,800 from the governor's amended budget request. This reduction includes \$3,221,500 in fund source switches from general funds to other fund sources, resulting in a net general fund reduction from the governor's amended budget of \$2,390,300.

Program:	Dollar	Fund
Administrative Services	Amount(s):	Source(s):
	(\$106,500)	General Fund

Impact Title: Reduction in Administrative Services

Impact Analysis:

This organization has already implemented cost saving measures including sharing a Director with the Department of Military & Veterans' Affairs. Previous unallocated reductions have reduced this division to the bare bones.

This reduction cannot be absorbed within the division and will have to be charged to programs such as Mining, Timber, Oil & Gas, Parks, etc. thus reducing direct services to the public.

Program:	Dollar	Fund
Commissioner's Office	Amount(s):	Source(s):
	(\$343,200)	General Fund

Impact Title: Unallocated reduction

Impact Analysis:

The Senate's proposed unallocated reduction of \$343,200 is extremely difficult to assign given that the department has been faced with an ever-increasing workload. Over the past five years we have implemented many efficiencies. We streamlined processes, collapsed management structure, implemented early retirement programs, and suggested statutory changes where appropriate. What we have left is a very dedicated staff that is attempting to meet the workload demand.

Our remaining alternative is to take reductions in areas where positions may come open. The impact of this is that economic development will slow down as permits are delayed, jobs will not be created, and the state is likely to lose more revenues.

Department of Public Safety

Brief Summary of Impacts of the Senate Budget

April 29, 2002

GF FY 02 Authorized	76,767,500
GF FY 02 Regular Supplementals	<u>1,076,600</u>
Total FY 02 Base Need	77,844,100
FY 03 Full Funding for RPSOs	207,500
FY 03 Cost of Living Salary Increases	<u>1,674,900</u>
Total FY 03 Need	79,726,500
Senate Budget	<u>78,491,500</u>
Additional Need	1,235,000

- In order to maintain the same service levels in FY 2003 that are provided in FY 2002 and not reduce staffing levels, another \$1.2 million is required. This amount does not include increments for additional child abuse investigations and other initiatives to address identified program needs.
- The combined \$802,400 reductions to the Administrative Services and Commissioner's Offices components will cripple centralized administrative and oversight functions in the Department and require that field positions be reassigned to perform administrative tasks or charges will be assessed directly to the programs, thereby further reducing public safety services and trooper positions.
- Since none of these costs are discretionary, the impact of not funding these additional costs would result in the loss of up to 3 trooper positions and 8 civilian positions.
- The \$154,600 in unfunded increased fuel costs in Fish & Wildlife Protection (FWP) could significantly impact the ability of the troopers to perform field activities, if prices stay at current levels. As a result FWP would need to take enforcement vessels out of service and reduce staffing levels.
- The unallocated reduction of approximately \$278,000 to the Commissioner's Office will impact non-trooper services across the state and the department will be forced to reduce other life safety services including fire inspections of public buildings such as schools.

Department of Revenue
Brief Summary of Impacts of the Senate Budget
Date: April 29, 2002
Prepared by: Larry Persily, Deputy Commissioner

Program Area:	Amount(s):	Source(s):
Unallocated Reduction	(\$133,900)	General Fund

Impact Analysis:

After the Senate Finance Committee restored much of the department's budget reduction, the Department of Revenue is left with an unallocated reduction of \$133,900 for Fiscal 2003. The Tax Division is the largest General Fund division and will bear most of the unallocated reduction, which will result in a reduced level of some services.

Department Transportation and Public Facilities
Brief Summary of Impacts of the
Senate Budget
April 29, 2002

The impacts reflect the reduction from the Governor's budget of \$12,532,700. This represents a nearly 8.3% general fund reduction. To achieve these cuts, the department was forced to reduce the service level in most areas.

Positions eliminated: 171 permanent full time, 19 permanent part time, 7 full time positions will become part time. This means that some roads will be maintained only during certain hours and others won't be maintained at all and Marine Highway service will be reduced. State Equipment Fleet mechanics will be reduced as equipment is eliminated.

There is a 61% reduction in the Department's administrative travel budget.

Eliminate maintenance on various state roads (\$1,304,900)

Northern Region

Steese Hwy MP44 to Central during winter months (\$180,000)

Eliminate Maintenance on Northern Region roads (\$494,200)

Eliminate Maintenance on Ruby/Poorman Road (\$147,000)

Eliminate Nome positions, equipment and overtime (\$300,000)

Southeast Region

Eliminate winter maintenance of Category III roads (\$427,900)

Reduce maintenance on various state roads (\$2,077,900)

Central Region

Reduce contracted snow haul in Anchorage by one-third (\$200,000)

Reduce Willow Maintenance Station (\$200,000)

Layoff equipment operators (Anchorage, Girdwood, Homer) (\$170,200)

Turn in additional SEF equipment (\$189,500)

Northern Region

Eliminate positions and equipment, convert PFT to PPT, reduce overtime and seasonal positions, and commodities (\$1,211,100)

Southeast Region

Reduce maintenance of various Southeast highways (\$99,200)

Close maintenance stations (\$838,800)

Central Region

Kalsin Bay Maintenance Station (Kodiak) (\$221,900),

Northern Region

Birch Lake Maintenance Station (Richardson Hwy) (\$185,000)

Chitina Maintenance Station (Edgerton Hwy) (\$431,900)

Eliminate or reduce maintenance at airports next to highways or without communities (\$172,200)

Central Region- Whittier, Kasilof, Ninilchik, Quartz Ck, Goose Bay, Sheep Mountain

Northern Region- Clear, Chistochina, Circle, Circle Hot Springs, Wiseman, Dahl Creek, Summit, Boundary, Livengood, Salmon Lake, Copper Center and Tazlina.

Marine Highway reductions in service (\$6,649,200)

The department is still analyzing the potential impact of this reduction. The following, or equally devastating actions, would be necessary to realize the reduction in GF support.

- Reduce Columbia service 4/16-6/3/03

 - Effects Bellingham to Alaska mainline service.

- Surplus Malaspina Sept. 9, 2002

 - Eliminates daily shuttle service in North Lynn Canal

- Surplus Bartlett May 1, 2003

- Lay-up Aurora July 1, 2002- May 1, 2003

 - Aurora then moves to Prince William Sound to replace Bartlett on May 1, 2003

- Lay-up Taku Nov. 1, 2002- June 1, 2003

 - Effects service from Prince Rupert to Skagway and communities in between

- Add 10% surcharge for passenger/cabin, 5% surcharge for vehicles

- Increase prices for onboard services.

Eliminate or reduce maintenance of state facilities (\$696,800)

Central Region

 - Eliminate positions, lawn maintenance, window washing & janitorial services

Northern Region

 - Montana Creek Winter Closure, Cold Shutdown of the Old Fairbanks Courthouse

Administrative and support system reductions (\$1,043,200).

Eliminate deputy commissioner, administrative clerks, accounting, procurement, and leasing staff, and weigh station enforcement officers. Reduces travel and training and impacts all areas of the department.

University of Alaska
Impact Statements in Response to the
Senate Budget
Date: April 29, 2002
Prepared by: Pat Pitney

Program:	Dollar Amount(s):	Fund Source(s):
Non-Discretionary Cost Increases	<u>(\$ 1,516,400)</u>	General Fund
Maintaining Solid Foundation	(\$ 1,516,400)	General Fund
Keeping Pace with Technology	(\$ 774,000)	General Fund
Attracting and Retaining Alaska's Students	(\$ 1,750,000)	General Fund
Meeting Alaska's Employment Needs	(\$ 3,367,000)	General Fund
Preparing for Alaska's Economic Success	<u>(\$ 1,582,300)</u>	General Fund
New Initiatives Responding to State Needs	(\$ 7,473,300)	General Fund
Total Program Impact	(\$8,989,700)	General Fund

Impact Title: Short fund the Board of Regents' FY03 budget request

Impact Analysis:

Of the \$17 million increment in the Board of Regents' UA FY03 request, \$9.5 million is required for contract and policy salary increases and non-discretionary fixed costs. The Senate budget represents \$1,516,400 less than the amount needed to cover the extraordinary cost increases above the cost of normal inflation. These costs are not optional; they represent the normal increases involved with maintaining current services.

Without additional new state funding for the University, the University can maintain the status quo but will be unable to accommodate the planned additional academic programming. This includes lack of funding for new programs to recruit and retain additional students, meet Alaska's employment needs and prepare for Alaska's economic success; such as programming in health, applied health research, project management, natural resources, and engineering.

Additionally, in the Senate's increase of \$8 million in state funding, \$2.1 million is being provided with a one-time state-funding source. To maintain the current service level this one-time source must be applied to UA's FY03 base.

The health care industry has asked that the University double the output of nurses over the next four years, and is planning to match state funding to make this happen; other industries are also stepping up to assist in the development and funding of new programs specific to their needs. With the current budget the university and the state may not be able to fully engage all planned funding partners.

Every Dollar of state funding for research returns by nearly \$6 in federal and private funding. Full maximization of this ratio will be diminished in the current budget. These research activities in Alaska represent a major industry, employing several thousand employees and generating as much private sector employment and economic activity as all but a few other industries in the State.

**Alaska Court System
Impact Statements in Response to the
Senate Budget**

Date: April 26, 2002

Prepared by: Chris Christensen

Program:	Dollar Amount(s):	Fund Source(s):
Alaska Court System	(\$521,200)	General Fund

Impact Title:

Budget reduction from FY2003 maintenance level funding.

Impact Analysis:

The amended Senate allocation for the court system results in an overall reduction of \$521,200 in available dollars from the FY2002 funding level. This reduction is comprised of an unallocated reduction totaling \$378,200 and removal of \$143,000 designated as "one-time funding", but which is actually for recurring costs of the court system.

For its FY2003 budget submission, the court requested several increments for worthwhile projects to improve court security in Kenai and Palmer and to provide additional travel and training funding for staff serving the rural areas and for new supervisors. The court also requested an increase in juror pay from \$25 to \$27.50 per day and nine additional positions to improve court services throughout the state. The court had also sponsored a \$3,948,900 request in support of the Department of Public Safety, which is charged with the responsibility for providing court security, but is unable to adequately do so with the limited staffing available for this assignment.

This impact statement is only addressing the impact of the Senate's actions as they relate to the court's FY2003 maintenance level funding.

**Alaska Judicial Council
Impact Statements in Response to
Senate Budget Proposals**

**Date: April 26, 2002
Prepared by: Larry Cohn**

Program:	Dollar Amount(s):	Fund Source(s):
Alaska Judicial Council	(\$50,100)	General Fund

Impact Title:

Insufficient Funding for Evaluation of Anchorage and Bethel Therapeutic Courts;
Delayed Analysis of Civil Case Data; Elimination of Self-Represented Litigants Study

Impact Analysis:

The Senate reduced the Council's base budget from the previous year by approximately 1 per cent and did not approve funding for a proposed study of the extent, nature, and significance of Alaska court cases that involve self-represented litigants.

The legislature has required the Council to evaluate two new therapeutic superior courts in Bethel and Anchorage. These courts are intended to reduce recidivism of chronic alcoholic felony offenders. The Council's evaluation of these projects will provide cost/benefit data for the legislature. Recidivism rates for participants in these courts have been identified in HB 515 as performance measures for the court system. No funding was provided for the Council's evaluation. The Council will attempt to obtain funding from other sources or through reciprocal services agreements for work performed for other agencies to cover its unfunded costs. If sufficient funding is not available, the Council will require supplemental and/or incremental funding in ensuing fiscal years.

Legislation requires the Council to evaluate civil case data provided by attorneys and self-represented litigants to enable the legislature to make informed assessments of tort reform. The Council has evaluated data at approximately 18-month intervals since the requirement was imposed. Decreased funding will require the Council to evaluate the data less frequently. Alternatively, the legislature can decide to repeal the automatic reporting requirement.

Absent funding, the Council cannot proceed with its study of self-represented litigants. The study would make recommendations on how self-represented litigants could become more informed and better prepared. Carrying out these recommendations would improve the efficiency of the judicial system, foster more just results, and create a justice system more responsive to the public's needs.

**Commission on Judicial Conduct
Impact Statements in Response to
Senate Budget Proposals**

Date: April 26, 2002

Prepared by: Marla Greenstein

Program Area:	Dollar Amount(s):	Fund Source(s):
Commission on Judicial Conduct	(\$2,100)	General Fund

Impact Title:

Personal Services Underfunding

Impact Analysis:

The Commission on Judicial Conduct operates with a staff of two (an executive director and an administrative assistant) on a full-time basis. Our budgetary funding has declined consistently over the past several years. We have responded by reclassifying the administrative assistant position downward from a range 14 to a range 10 position and by limiting our use of outside temporary secretarial services to only those times when no permanent staff are available in the office (e.g. during Commission meetings). In addition, the executive director now does all non-adversarial court filings for the Commission reducing outside attorney's fees. Despite all these cost-saving measures we will be underfunded in personal services by over \$15, 000 with the current unallocated budget reductions. Recognizing that all agencies are required to have some level of personal services underfunding, with this increment, we remain underfunded in personal services by \$13,000 or 8.24% which is still higher than the 0-3% normally allocated for a unit of our size. With the additional unallocated reduction, the Senate Finance committee has essentially imposed a 9.45% personal services underfunding for our agency.

**Alaska Housing Finance Corporation
Impact Statements in Response to
Senate Budget**

Date: May 2, 2002

Prepared by: John Bitney

Program Area:	Dollar Amount	Fund Source
AHFC Language Section	\$103,000,000	AHFC

Section 15(a) in the Senate CS HB403 is written as an anticipatory transfer of assets in the amount of \$103,000,000 to be approved by the AHFC Board of Directors. Further, the funds being made available are described as follows:

- 1) \$1,000,000 for debt service on University of Alaska, Anchorage dormitory construction (authorized under ch. 26, SLA 1996)
- 2) \$37,986,612 for debt service on the bonds authorized under sec. 2(c), ch. 129, SLA 1998
- 3) \$12,013,355 for debt service on the bonds authorized under sec. 10, ch. 130, SLA 2000
- 4) \$33,300,000 for capital projects
- 5) The balance of \$18,700,000 is appropriated to the Alaska debt retirement fund.

This differs considerably from the House version, which directly appropriated \$103 million from the Alaska housing finance revolving fund to the Alaska debt retirement fund. There are a number of significant and serious legal and policy implications from structuring an appropriation in this manner:

- AHFC transfer of assets has always been transferred at the direction of the AHFC Board of Directors.
- Debt service payments on AHFC State Capital Project Bonds are made directly to investors by AHFC. These bonds were issued and sold based on the credit of AHFC and not subject to the uncertainty of legislative appropriations. Also, as a debt of AHFC, these bonds do not represent a debt of the State of Alaska.

Both the House and Senate differ from the Governor's FY03 budget by increasing the Transfer of Assets by \$6,700,000.

AHFC started the 2002 Legislative Session offering a Transfer of Assets to the State in the amount of \$96,300,000, the audited annual net income for the fiscal year ending June 30, 2001, per the Transfer Agreement established with the Legislature in Chapter 129, Session Laws of Alaska 1998 (HCS CSSB 360 [Fin] am H).

The Transfer Agreement established with the Legislature in Chapter 129, Session Laws of Alaska 1998 (HCS CSSB 360 [Fin] am H). Section 2(d) states "each year the corporation shall notify the legislature of the amount of unrestricted revenue of the corporation, based on the corporation's net income for the preceding fiscal year, remaining after subtracting the amount determined under (c) of this section that is

available and that may be appropriated for other purposes. If the corporation determines that an additional amount of unrestricted revenue may be appropriated, the corporation shall also notify the legislature of that additional amount.”

In each of the past six years, AHFC provided a dividend of \$103,000,000. For this session, the AHFC Board determined that the most prudent action would be to approve a dividend of \$96,300,000 based on the net income for the preceding fiscal year. These funds were allocated in the Governor’s FY03 budget as follows:

- 6) \$40,357,000 for FY03 capital projects.
- 7) \$4,943,000 for 1st year debt payments on Public Housing Project Bonds
- 8) \$4,000,000 to continue the Interest Rate Reduction for Low Income Borrowers (IRRLIB) loan program.
- 9) \$1,000,000 for debt service on University of Alaska, Anchorage dormitory construction (authorized in state law under ch. 26, SLA 1996).
- 10) \$37,986,612 for debt service on the bonds authorized in state law under sec. 2(c), ch. 129, SLA 1998.
- 11) \$12,013,355 for debt service on the bonds authorized in state law under sec. 10, ch. 130, SLA 2000.

Section 15 of the Senate version of HB403 fixes concerns related to appropriations for debt service payments on AHFC State Capital Project bonds, but leaves open a question of funding for capital expenditures and bond payments for AHFC public housing bonds to be issued in FY03. Only \$33,300,000 has been allocated of the requested \$41,300,000 for Capital expenditures and \$5,000,000 AHFC public housing bond payments, leaving an \$8,000,000 shortfall.

The summary breakdown of the capital items for consideration is as follows:

<u>Program Request</u>	<u>Amount</u>
Public Housing Bonds Debt Service	4,943,000
Supplemental Housing Development Program	4,500,000
Low Income Weatherization	4,000,000
Senior Citizens Housing Development Grants	1,975,200
HUD HOME Grant Program	750,000
Federal & Other Competitive Grants	1,250,000
Competitive Public Housing Grants	250,000
Energy Efficiency Monitoring/Research	300,000
State Energy Programs	30,000
Homeless Assistance Program	500,000
Beneficiary/Special Needs Program	800,000
DHSS Residential Housing Program	100,000
DHSS Brother Francis Shelter Grant	500,000
<u>DEC Water and Sewer Projects</u>	<u>21,401,800</u>
TOTAL	41,300,000

Note: The requests shown above only represent the requests for AHFC Dividend fund source. Some of the projects shown above also request federal funding authorization.